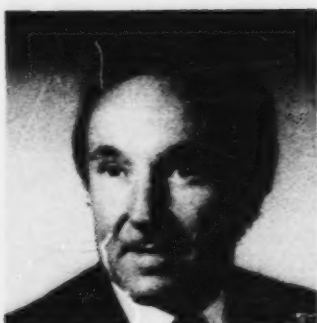




The Nova Scotia
Crown Corporation for
the Development of
Secondary Industry

Twenty-Fifth Annual Report
for the fiscal year
ended March 31, 1982



W. Leslie Single, President & Chief Executive Officer

June 24, 1982

Honourable Roland J. Thornhill
Minister of Development
Province of Nova Scotia
Suite 1001
5151 George Street
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present, on behalf of the Board of Directors of Industrial Estates Limited, our Twenty-Fifth Annual Report, including the Audited Financial Statements for the year ended March 31, 1982.

During the year, the Board of Directors approved financing for 41 projects totalling \$20,187,000. Under IEL's regular program, \$19,351,000 of this amount was for 24 projects.

The Small Business Development Corporation, the government's agency devoted to companies requiring loans of an amount less than \$250,000 and encompassing the former Small Business activities of IEL, commenced operations on August 4, 1981. From the period April 1, 1981 to the commencement of activities by the Small Business Development Corporation, IEL approved 17 small business projects totalling \$835,000.

During the early part of the past year, IEL experienced strong development activity, despite prevailing economic conditions. Unfortunately, this activity has dropped significantly in the past several months.

During the year, proposals were received and approved from manufacturers of high technology products, as well as manufacturers of products which will displace imports to the Province of Nova Scotia, such as a project to manufacture a new type of drug, a plant to manufacture business forms that will displace a product previously imported to Nova Scotia and a plant to manufacture sophisticated refrigeration units.

Operations

The Government of Nova Scotia has decided, effective May 3, 1982, to transfer responsibility for development and promotion activities to the Department of Development. Accordingly, IEL will revert primarily to a financing role, as well as taking on full responsibility for all provincially owned industrial parks and incubator malls.

During the past two years, the Development division of Industrial Estates Limited introduced various sophisticated "Industrial Intelligence Techniques" to identify and make preliminary contact with firms who had an apparent fit for a Nova Scotia location. This program has provided IEL with several contacts which have led to proposals being submitted and approved by IEL's Board. I am pleased to note that with the relocation of our development

activities to the Department of Development, this program will be continued by the Department. Although our development activities have been re-assigned to the Department of Development, IEL will maintain close liaison with the Department's Development Officers to ensure that assistance to potential clients is well co-ordinated.

During the past year, IEL invested over \$2.5 million in industrial park infrastructure and improvements primarily for the completion of the Sackville Industrial Park. The Government has requested IEL to expand its industrial park holdings by acquiring Atlantic Acres Industrial Park in Bedford, which was purchased by the Province during the year.

On July 24, 1981, the Canada-Nova Scotia Ocean Industry Development Subsidiary Agreement was signed. This agreement between the governments of Canada and the Province of Nova Scotia, provides for the implementation of programs costing \$35 million to encourage the growth of medium to high technology, ocean manufacturing and service industries and to provide support for applied research and technology transfer, which will enable Nova Scotia to capitalize on its existing ocean scientific base. Under this agreement, IEL's Woodside Industrial Park has been designated an Ocean Industry Park. In accordance with the agreement, the Federal Government will be providing \$2 million for the construction of an incubator mall, while the Provincial Government, through the Department of Development,

The following is a comparison of the significant information in the financial statements between the years ended March 31, 1982 and 1981:

	1982	1981	Increase (Decrease)
Total Investment in Industrial Development Projects	\$134,952,044	\$139,408,252	\$(4,456,208)
Twenty Year Debentures issued to Province of Nova Scotia	123,974,990	132,051,410	(8,076,420)
Equity owned by Province of Nova Scotia	6,899,622	5,496,439	1,403,183
Income, including Industrial Parks Revenue	13,332,048	12,942,233	389,815
Interest Expense	11,777,079	11,236,770	540,309
Development & Administrative Expenses	1,352,361	1,462,703	(110,342)
Industrial Park Expenses	833,587	804,708	28,879
Provision for Losses on Doubtful Accounts, Investments and Unrecoverable Expenses on Foreclosed Investments	645,921	816,845	(170,924)
Deficit from Operations covered by grant from the Province of Nova Scotia	1,276,900	1,378,793	(101,893)

Our deficit from operations continues to improve and we are hopeful that operations will be carried out on a break-even basis within the next four years.

group. I know that in their new positions with the Department of Development, they will continue to make a valuable contribution to industrial development in Nova Scotia.

Outlook

Because manufacturing plants are operating at their lowest levels in 20 years, with indications of a further decrease, and because it is projected that there will be a delay in a return to full production, it is most likely that there will be significant cutbacks in investments for new manufacturing plants and equipment.

While many companies, especially those related to the offshore oil and gas industry, continue to inquire about potential investment opportunities in Nova Scotia, there has been a noticeable decrease in the number of companies prepared to make new capital investments.

It is important that IEL clients, many of whom are large employers, and are experiencing problems, are given advice and assistance to help them get through these uncertain and difficult economic times. Consequently, a considerable amount of IEL management's time and effort has been devoted to assisting many of our clients.

While in the short term, there will be a decline in new company start-ups, the long term outlook for new capital investments in the Atlantic Region continues to be encouraging.

Respectfully submitted on behalf of the Board,

Wleslie Single

W. Leslie Single, P. Eng.
President

will expend \$7.9 million on infrastructure in the industrial park and reconstruction of the existing wharf facilities, as well as \$1.5 million for a multi-tenant building. It is with great enthusiasm that IEL has undertaken the administration of this project. Construction is now well underway and I am pleased to advise you that two companies, for which financing was approved this year, were related to the offshore oil and gas industry. In addition, IEL is presently negotiating with another client to significantly expand its operations by building new facilities in the Woodside Ocean Industry Park.

Acknowledgements

IEL's appreciation is extended to your Department of Development and to the Department of Finance, with whom we have a close association and who have provided us with valuable assistance. The co-operation we have received from the Federal Departments of Regional Economic Expansion and Industry, Trade and Commerce has also been most helpful to us in assisting the growth of manufacturing industry in Nova Scotia.

I wish to express my appreciation to the Directors, Officers and staff for their support and effort during the past year. I want to particularly pay tribute to the competent and dedicated people who comprised the Development

On September 25, 1957, when Industrial Estates Limited came into existence, John Diefenbaker had been prime minister of Canada for only three months. It was less than a year since Robert L. Stanfield had become premier of Nova Scotia. As most things are measured, a quarter century is a long time.

Circumstances, as well as personalities, have changed. In 1957, manufacturing, mainly in resource-based industries, was worth \$425 million; today it is worth \$3.6 billion and is much more diversified. Manufacturing provided 30,000 jobs in 1957; by 1982, nearly 40,000 Nova Scotians were employed in manufacturing.

But perhaps more important than the change in statistics is the alteration in the attitudes of Nova Scotians. Twenty-five years ago this province was slipping back into the stagnation from which World War II had proved but a temporary stimulus. The post-war boom had passed Atlantic Canada by. Like their forebears, young Nova Scotians were being forced to migrate to find employment.

Today, even during a world-wide recession, Nova Scotians are able to look to the future with hope — at home. No longer is there the feeling that the grass inevitably is greener on the other side, that a premium must be paid for the privilege of living in one's native province. Industrial Estates Limited has played an important part in the reversal of attitudes, in the improvement of opportunities.

Prior to the establishment of Industrial Estates Limited, Nova Scotia had pretty much of a hands-off policy toward the attraction of new industry. This province had a Department of Trade and Industry which operated an Industrial Loan Act and an Industrial Expansion Act, but they were not aggressively promoted.

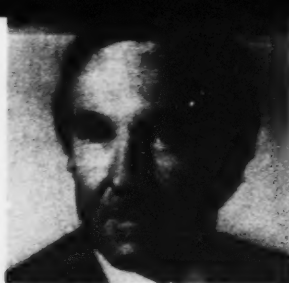
The change came in 1956 with the election of the Conservative government of Premier Robert L. Stanfield. Elected on a platform promising industrial expansion, the new government introduced legislation to create the crown corporation, Industrial Estates Limited. The name itself and much of the original concept came from General K.C. Appleyard, chairman of a trading estate in England who was travelling in Canada and was asked to stop over in Nova Scotia to advise members of the government. Gen. Appleyard proposed that government develop "industrial estates" (or industrial parks, as they are now known) with ready-made factories on attractive terms.

Premier Stanfield outlined the government's policy at the first meeting of the IEL directors on September 25, 1957. The corporation's purpose, he said, was "to encourage the promotion, expansion, diversification and development of industrial activity in Nova Scotia... By deliberate intent we have created a Company which will speak for itself, which will operate independently of government direction and interference, subject only to those customary principles which govern the relationship between a Crown Company and the Government... Industrial Estates Limited will devote itself

primarily to the development of light and secondary industry in Nova Scotia. The responsibility for further development of the great natural resources of this Province and for attracting so-called heavy industry remains with the Department of Trade and Industry... It is part of the terms of the agreement that Industrial Estates Limited will not knowingly assist in the establishment of any industry which will endanger any similar industry now existing or operating in Nova Scotia."

Considering the province's lack of experience in industrial promotion (IEL, unique at the time, has since been emulated by every other province), and the political and economic changes that have taken place, it is significant that IEL's mandate has stayed essentially the same.

By the early sixties, IEL was in full operation. These were, in a sense, the Golden Years — years in which success followed success, when it seemed that everything IEL touched was turning into glistening new industrial enterprises, when glamour names like Volvo, Canada Cement, Crossley-Karastan, Reynolds Aluminum, Anil Canada, Clairtone and Deuterium were adding national and international lustre to Nova Scotia.



W. Leslie Single
President & Chief Executive Officer

Past Presidents



Frank H. Sobey



Marley G. Taylor



E. Finlay MacDonald



Dean W. Solomon

They were the years when IEL's affairs were guided primarily by four men: Chairman J.C. MacKeen, the late Halifax financier; President Frank H. Sobey, the Stellarton businessman; Secretary-Treasurer Harold J. Egan, the late Halifax accountant; and General Manager Robert W. Manuge, IEL's chief promoter.

Armed with IEL's package of incentives (100 percent financing on land and buildings, 60 percent on equipment, attractive interest rates, and municipal tax concessions), Mr. Manuge and his small staff combed the world for likely prospects. Although Mr. Manuge once told the Legislature's Industry Committee that less than one percent of face-to-face contacts proved successful, IEL achieved an enviable image and reputation it was soon to lose and never completely regain.

The reversal came in the late Sixties with the failures of Clairtone Sound Corporation and Deuterium of Canada Limited. Both stories have been well documented elsewhere. Originally IEL projects, Clairtone and Deuterium were eventually taken over by the provincial government, IEL's investment being assumed by the Province.

The last – and biggest – of the great "catches" was Michelin, the giant French tire-maker. It came in 1969 after two years of negotiations. Today, with plants at Bridgewater, Lunenburg County, Granton, Pictou County and Waterville, Kings County, Michelin is the province's largest manufacturer.

Changes in the old order commenced in 1969 with the resignation of Mr. Sobey as president and the death of Mr. Egan, secretary-treasurer. Mr. Sobey briefly succeeded Mr. MacKeen as chairman and was succeeded as president early in 1970 by E. Finlay MacDonald, a broadcasting executive who indicated that a reorganization of the corporation would be carried out.

Within six months, the Liberals, under Premier Gerald Regan, came to office and pledged to achieve better co-ordination of the province's development efforts. The primary vehicle was to be a Department of Development, with a revamped IEL to be a key component.

There was to be a new emphasis on encouraging small, home-grown entrepreneurs. A Small Loans Division, destined to last for nine years, was created. Before it was absorbed into the Small Business Development Corporation, IEL's Small Loans Division committed over \$13 million in financing, with more than 2500 jobs created or maintained.

Mr. MacDonald resigned late in 1971 to be succeeded by Dean W. Salsman, a businessman whose own low-key style became the corporation's. Without losing its independence, IEL became more closely integrated into the government's over-all development thrust. There were still successes – and occasional failures – but IEL drifted off the front pages of the newspapers, no longer a powerful magnet for accolades or a prime target for brickbats. Which is as it probably should be.

Only the very highs and very lows of industrial development are truly newsworthy. The rest is decidedly unglamorous. It's the stuff of seeking out and encouraging the businessman with an idea and helping him to bring it to fruition – and standing by him when the going gets tough. It means taking risks which means, by definition, sometimes taking losses.

Over 25 years, IEL has become the province's largest industrial land holder and has loaned \$270 million to companies employing over 11,000 people. During that time, no fewer than 66 men and women have served as IEL directors, playing a major role in developing better informed business leaders in the province. For, if anything has been learned over the years, it is that leadership, innovation, imagination, understanding and co-operation are required if Nova Scotia is to realize the potential of its people and its resources.

During that quarter-century, we have discovered much about ourselves and our economic situation. Contrary to our decades-old attitude of defeatism, we have learned that Nova Scotia is not inherently disadvantaged as a location for industry. Indeed, we have learned that with ingenuity and aggressiveness, Nova Scotia industry can compete anywhere in the world. Just a few examples of IEL clients which have successfully competed in markets far from home:

- Surette Battery of Springhill, one of IEL's first clients, manufactures and ships batteries all over the world.
- Nautical Electronic Laboratories of Hackett's Cove, Halifax County, is a world leader in high power solid state radio transmitters, holding 25 percent of the world market in aeronautical radio beacon fields.
- Internav of Sydney has been selling its Loran C. receivers in various parts of the world since 1977 and has recently moved into the design and manufacture of microwave landing systems, which it hopes will replace current instrument landing systems at world airports starting in 1985.

These and dozens of other companies are proof that government and its agencies can be a positive force towards business. The Crown Corporation, in Nova Scotia and elsewhere, has shown itself to be an ideal vehicle for carrying out government's development aims. Smaller, trimmer, more flexible, more commercially oriented than a government department, IEL and similar organizations in other provinces provide a necessary link between the public and private sectors.

Government is of the same view. During a luncheon following IEL's 25th annual shareholders' meeting, Premier John Buchanan said he . . . "looks forward to IEL's enjoying another 25 to 50 years of continuing success."



	1982	1981	1980	1979	1978
Investment in industrial development projects	\$134,952,044	\$139,408,252	\$135,191,220	\$124,858,598	\$135,284,672
Debentures issued to Province of Nova Scotia	123,974,990	132,051,410	130,577,210	121,831,470	128,360,956
Income, including industrial parks revenue	13,332,048	12,942,233	11,330,347	10,856,436	10,467,743
Interest expense	11,777,079	11,236,770	10,405,513	11,347,964	11,075,412
Operating expenses	2,185,948	2,267,411	2,025,666	1,848,295	1,363,683
Provision for losses on doubtful accounts and investments and unrecoverable expenses on foreclosed investments	645,921	816,845	862,823	523,177	771,648
Deficit from operations covered by grant from the Province of Nova Scotia	1,276,900	1,378,793	1,963,655	2,863,000	2,743,000

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**The Shareholders
Industrial Estates Limited**

We have examined the statement of financial position of Industrial Estates Limited as at March 31, 1982, and the statement of income for the year then ended, and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, and as shown by the books of the company, these financial statements present fairly the financial position of the company as at March 31, 1982, and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.
Chartered Accountants

Halifax, Nova Scotia
April 30, 1982

Statement of Financial Position

as at March 31



Assets

	1982	1981
Cash and short-term investments	\$ 1,378,479	\$ 2,141,072
Accounts receivable and accrued interest (Note 7)	1,945,522	2,492,508
Furniture, leasehold improvements and equipment (Note 2a)	<u>76,577</u>	<u>86,748</u>
	<u>3,400,578</u>	<u>4,720,328</u>
<i>Industrial Development Projects</i>		
Industrial parks and buildings (Note 2b)	13,553,757	11,347,683
Leased plants (Schedule 2) (Note 2b)	19,689,495	17,805,533
Advances secured by mortgages, bonds and debentures (Schedule 2) (Note 7)	98,939,998	109,420,025
Shares of client companies (Notes 2b and 7)	350,076	273,024
Foreclosed investments (Notes 2b and 7)	<u>2,418,718</u>	<u>561,987</u>
	134,952,044	139,408,252
Provision for losses on Industrial Development Projects (Schedule 1) (Note 7)	<u>4,152,985</u>	<u>4,390,501</u>
	<u>130,799,059</u>	<u>135,017,751</u>

.....

\$ 134,199,637

\$ 139,738,079

On behalf of the Board

G.C. McDade, Director

K.A. Mader, Director

Liabilities

	1982	1981
Accounts payable and accrued charges	\$ 627,068	\$ 655,684
Accounts payable – Province of Nova Scotia	44,766	244,400
Loan payable – Province of Nova Scotia	2,500,000	–
Unexpended amounts pending completion of realization of foreclosed assets	146,623	190,414
Rent received in advance	6,568	6,946
Debentures payable – Province of Nova Scotia (Notes 3 and 7)	<u>123,974,990</u>	<u>132,051,410</u>
	<u>127,300,015</u>	<u>133,148,854</u>
<i>Other</i>		
Advance from Province of Nova Scotia (to be settled by issuance of preferred shares)	<u>–</u>	<u>1,092,786</u>

Shareholders' Equity

Capital stock

Authorized:	100 common shares of \$100 par value each		
	24,990,000 8% preferred shares, non-cumulative and redeemable, par value \$1		
Issued:	87 common shares	8,700	8,700
	8,067,257 preferred shares (Note 5)	<u>8,067,257</u>	<u>5,487,739</u>
		8,075,957	5,496,439
Less:	Subscriptions receivable		
	- Province of Nova Scotia	<u>1,176,335</u>	<u>–</u>
		<u>6,899,622</u>	<u>5,496,439</u>

Commitments and Contingencies (Note 6)

\$ 134,199,637

\$ 139,738,079

Statement of Income

for the year
ended March 31



	1982	1981
<i>Income</i>		
Interest, dividends and portion of rent applied to income	\$ 12,498,461	\$ 12,137,525
Industrial park revenue (Schedule 1)	<u>833,587</u>	<u>804,708</u>
	<u>13,332,048</u>	<u>12,942,233</u>
<i>Expenses</i>		
Development and administrative (Schedule 1)	1,352,361	1,462,703
Industrial park expenses (Schedule 1)	833,587	804,708
Interest on debentures	11,777,079	11,236,770
Provision for doubtful accounts	72,522	76,736
Provision for losses on investments (Schedule 1)	422,742	693,971
Unrecoverable expenses on foreclosed investments	<u>150,657</u>	<u>46,138</u>
	<u>14,608,948</u>	<u>14,321,026</u>
Deficiency for the year	<u>\$ 1,276,900</u>	<u>\$ 1,378,793</u>
Grant from Province of Nova Scotia	<u>\$ 1,276,900</u>	<u>\$ 1,378,793</u>

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March 31, 1982

1 General Policy

The company's primary objective is the creation of employment opportunities through development of secondary manufacturing industry in the Province of Nova Scotia. The financing provided to clients is often in excess of the amounts which would be available through commercial financing sources.

2 Significant Accounting Policies

a) Furniture, Leasehold Improvements and Equipment
Furniture, leasehold improvements and equipment are valued at cost less accumulated depreciation. Depreciation is provided as follows:
Furniture, leasehold improvements and office equipment
— straight-line method, over ten years
Mobile equipment
— declining-balance method, at a rate of 30% per annum

b) Industrial Development Projects

i) Industrial Parks and Buildings
As part of its long-term industrial development program, the company has acquired a number of industrial parks throughout the Province. These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include some buildings which are mainly used as incubator malls.

The buildings in the parks are carried at cost less depreciation calculated on the straight-line method over 20 years. At March 31, 1982, the net book value of park buildings was \$1,374,000.

Park lands are carried at cost of acquisition plus cost of improvements, less proceeds of disposals. Most administrative and carrying costs of parks are reimbursed by operating fees and the remainder are expensed as they are incurred. As the parks are held in connection with the company's long-term development objectives, fluctuations in current market

values are not recognized in the accounts.

ii) Leased Plants

Leased plants are valued at net cost. Depreciation has not been provided on buildings and equipment owned by the company and leased to tenants. Values have been reduced by application of a portion of rentals received to the option price at which tenants may acquire these properties. The portion of rentals so applied during the year was \$937,138. At March 31, 1982, the accumulated balance of such reductions amounted to \$8,083,879.

iii) Shares of Client Companies

Shares of client companies are stated at cost.

3 Debentures Payable – Province of Nova Scotia

Under the existing legislation, the company is permitted to borrow from the Province by means of the issue of twenty-year debentures. The total borrowings, less redemptions, may not exceed \$400,000,000.

The debentures bear interest at rates varying from 7.5 percent to 14.46 percent per annum, and are to be redeemed during the period 1983 to 2002. Present arrangements with the Province of Nova Scotia provide for

redemptions of the existing debentures at the rate of \$9,939,849 a year for the next five years.

4 Pension

The aggregate unfunded liability of the employees pension plan at March 31, 1981 is estimated to be \$180,500 based upon an actuarial valuation done at that date. As at March 31, 1982, the company has provided for \$95,100 of this liability.

The company will amortize the balance of the liability over the next two years at the rate of \$42,700 per year.

5 Preferred Shares

During the year, the company issued 2,579,518 preferred shares to the Province of Nova Scotia as consideration for expenditures on behalf of the company in connection with industrial parks.

Included in the commitments set out in Note 6 is an amount of \$350,000 representing additions to industrial parks. It is anticipated that these commitments will be settled by the issuance of additional preferred shares to the Province of Nova Scotia.

6 Commitments and Contingencies

a) The company is committed to investments in Industrial Development Projects of approximately \$29,500,000 in addition to those recorded in the financial statements.

b) A former client of the company has taken action against Industrial Estates Limited and others alleging fraudulent action by Industrial Estates Limited and its agents in

connection with foreclosure action taken by Industrial Estates Limited and the subsequent sale of the plant to another party. In addition to asking for a declaration that all of the assets be reconveyed to the plaintiff, the plaintiff also seeks an award of general, exemplary, punitive damages and costs. No dollar amount is set out in the pleadings filed by the plaintiff. Industrial Estates Limited has denied the allegations, has taken steps to oppose the action, and has made no provision for any liability in this matter as it does not regard the claim as having any validity.

7 Transfer to Small Business Development Corporation

The following were transferred to the Small Business Development Corporation effective April 1, 1981 with no gain or loss:

Accounts receivable, net of allowance	\$	22,325
Advances secured by mortgages and debentures		3,773,549
Foreclosed investments		133,280
Shares of client companies		40,000
Provision for losses		(253,000)
	\$	<u>3,716,154</u>
Debenture payable to the Province	\$	<u>(3,716,154)</u>

Industrial Parks Revenue and Expenses
For the Year Ended March 31

	1982	1981
Revenue		
Rental revenue	\$ 375,335	\$ 359,428
Operating fees	458,252	445,280
	<u>\$ 833,587</u>	<u>\$ 804,708</u>
Expenses		
Property operating	\$ 461,068	\$ 438,179
Salaries, wages and benefits	236,586	258,901
Depreciation	83,721	76,517
Assistance to Industrial Commissions (net of DREE recoveries)	8,411	21,747
Travel	8,701	9,364
Administrative overhead	35,100	-
	<u>\$ 833,587</u>	<u>\$ 804,708</u>

Analysis of Development and Administrative Expenses
For the Year Ended March 31

	1982	1981
Salaries and employee benefits	\$ 764,326	\$ 860,951
Rent	98,336	107,661
Travel	91,844	111,005
Advertising and promotion	167,476	83,357
Telephone and telegraph	40,897	54,511
Directors' fees and expenses	31,736	48,460
General office and miscellaneous	16,867	39,413
Printing, stationery and postage	21,736	28,064
Insurance and taxes	24,744	29,935
Legal and audit	26,750	26,301
Conferences, memberships and publications	20,996	20,730
Consultants' fees	33,438	38,288
Depreciation - furniture, fixtures and improvements	13,215	14,027
	<u>\$ 1,352,361</u>	<u>\$ 1,462,703</u>

Analysis of Provision for Losses on Industrial Development Projects
For the Year Ended March 31

	1982	1981
Balance at beginning of year	\$ 4,390,501	\$ 3,714,646
Transfer to Small Business Development Corporation	253,000	-
	4,137,501	3,714,646
Increase in provision during year	422,742	693,971
	4,560,243	4,408,617
Amounts written off (net)	407,258	18,116
Balance at end of year	<u>\$ 4,152,985</u>	<u>\$ 4,390,501</u>

Cumulative Analysis of Cost of Leased Plants
For the Year Ended March 31

1982

1981

Net cost of leased plants

Balance at beginning of year	\$ 25,008,127	\$ 24,662,292
Investment and transfer from industrial parks	2,864,556	998,414
	<u>27,872,683</u>	<u>25,660,706</u>
Transfers to mortgages, bonds and debentures	—	100,000
Disposals	99,309	552,579
Balance at end of year	<u>27,773,374</u>	<u>25,008,127</u>

Rentals applied in reduction of cost

Balance at beginning of year	7,202,594	6,376,261
Transfer from industrial parks	—	74,000
Rentals applied to reduce cost	937,138	842,732
	<u>8,139,732</u>	<u>7,292,993</u>
Transfers to mortgages, bonds and debentures	—	3,121
Disposals	55,853	87,278
Balance at end of year	<u>8,083,879</u>	<u>7,202,594</u>
Net cost after application of rental reductions	<u>\$ 19,689,495</u>	<u>\$ 17,805,533</u>

Analysis of Advances Secured by
Mortgages, Bonds and Debentures
For the Year Ended March 31

Balance at beginning of year	\$ 109,420,025	\$ 107,045,948
Transfer to Small Business Development Corporation	3,773,549	—
	<u>105,646,476</u>	<u>107,045,948</u>
Investments during year	5,046,512	12,745,655
Conversion from leased plants	—	96,879
Capitalized interest	1,226,248	12,380
	<u>6,272,760</u>	<u>12,854,914</u>
Transfers to foreclosed investments	2,477,344	571,279
Repayment during year	10,501,894	9,909,558
	<u>12,979,238</u>	<u>10,480,837</u>
Balance at end of year	<u>\$ 98,939,998</u>	<u>\$ 109,420,025</u>

Directors



Hon. Roland J. Thornhill
Minister of Development
Province of Nova Scotia



Frank T. Barber
President
Trebley Brokerage Limited



John L. Bragg
President
Oxford Frozen Foods Limited



Franzene Cooman
President
Nova Scotia Advisory Council
on the Status of Women



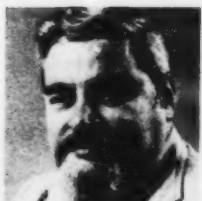
James J. Grant
President
J.J. Grant Limited



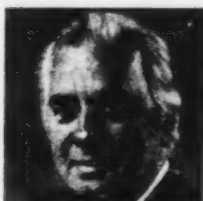
Stuart M. Hickey
President
Crowell's Limited



Red J. MacLennan
Vice President &
General Manager
Brookfield Foods Limited



Ken A. Mader
Vice President & Treasurer
The Maritime Life Assurance
Company



Robert W.M. Manuge
Chairman
Manuge Galleries Limited



Garnet C. McDade
President
Minas Basin Pulp & Power
Co. Ltd.



James D. McIlvion
Deputy Minister
Department of Development
Province of Nova Scotia



Jerry E.A. Nickerson
Chairman
H.B. Nickerson & Sons Limited



W. Struan Robertson
Chairman & President
Maritime Tel. & Tel. Company
Limited



Lloyd R. Shaw
President
L.E. Shaw Investments Limited



W. Leslie Single
President and Chief
Executive Officer
Industrial Estates Limited



Donald M. Smith
Agent-General
Province of Nova Scotia



Robert F. Weary
President & General
Manager
Bowater Marney Paper
Company Limited

Advisory Council

Officers



Percy Crawford
Senior Partner
Osler, Hoskin & Harcourt



Lord David Garnock
Chairman
Crossley-Karastan Carpet Mills
Limited



H. Gordon MacNoll
President & Chief Executive
Officer
Jannock Corporation Limited



William D. Ring
Vice President, Finance



Malcolm McAlpine
Sir Robert McAlpine
& Son Limited



C. Peter McColeough
Chairman & Chief
Executive Officer
Xerox Corporation



Sir David L. Woolson
Chairman
Rothmans International Limited



Clary F. Ottman
Controller



Hon. Victor deB. Oland
Chairman
Lindwood Holdings Limited



John Brynmagor
Chairman
Westburne International
Industries Limited



Sheila M. Newman
Corporate Secretary